Hawaiian Electric Company, Inc. • PO Box 2750 • Honolulu, HI 96840-0001

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PUBLIC UTILITIES COMMISSION

March 6, 2007

The Honorable Chairman and Members of
the Hawaii Public Utilities Commission
Kekuanaoa Building
465 South King Street, First Floor
Honolulu, Hawaii 96813

Dear Commissioners:

Subject: Docket No. 05-0315
HELCO 2006 Test Year Rate Case
HELCO's Information Requests to the CA and KDC

In accordance with Order No. 23153, attached are the Information Requests that Hawaii Electric Light Company, Inc. ("HELCO") submitted to the Division of Consumer Advocacy ("CA") on February 26-28, 2007, and to the Keahole Defense Coalition, Inc. ("KDC") on February 28, 2007.

Also attached is a compact disc containing an electronic copy of the Information Requests in portable document format ("PDF").

Sincerely,

Dean K. Matsuura
Director, Regulatory Affairs

Attachments

cc: Division of Consumer Advocacy (w/o attachments)
Keahole Defense Coalition (w/o attachments)

Docket No. 05-0315

Hawaii Electric Light Company, Inc.
Information Requests to
Division of Consumer Advocacy ("CA")

HELCO/CA-IR-101

Ref: CA-T-1, Exhibit CA-101, Schedule B-3, Page 1 of 1, Line 6

The Company records tax return true-ups to ADIT in the year the journal entry is booked. Thus, the Company included its "True-Up of Recorded ADIT for the 2005 Tax Return" in its preliminary 12/31/2006 deferred tax amount in CA-SIR-18, p. 4. Please explain why the Company should not continue to reflect its true-up entries to ADIT in the year that the journal entry is booked.

HELCO/CA-IR-102

Ref: CA-T-1, Exhibit CA-101, Schedule B-3, Page 1 of 1, Line 7

The Company included the "supplemental pension and executive life pension reclassification" in its preliminary 12/31/2006 deferred tax amount in CA-SIR-18, p. 4. Please explain why the supplemental pension and executive life insurance reclassification of ($339,000) is double-counted by including the adjustment in the 12/31/2006 deferred tax amount in Line 7, column (D).

HELCO/CA-IR-103

Ref: CA-T-1, Exhibit CA-101, Schedule B-3, Page 1 of 1, Line 10

Please explain why the "exclusion for public injuries ADIT" should total $10,000 instead of $12,000.

HELCO/CA-IR-104 Ref: CA-T-1, Exhibit CA-101, Schedule C-20, page 1, Line 5

Please explain why it is appropriate to apply the adjustment factor derived on line 5 for the "difference in return allowed on generation activity" to expenses directly attributable to generation income (fuel costs, tax depreciation on production assets and state ITC on production assets).

HELCO/CA-IR-105 Ref: CA-T-1, Schedule B, Page 1 of 2, Line 1

Please explain why the CA did not propose an adjustment to the following items in rate base despite the proposed adjustment to "Net Cost of Plant in Service": (1) Accumulated Deferred Income Taxes, (2) State ITC Deferred, and (3) Amortization of deferred State ITC. If this omission was an oversight, please provide a complete copy of all calculations affecting the aforementioned accounts.

HELCO/CA-IR-106 Ref: CA-T-1, Page 74, Line 2

The Company includes "unamortized investment income differential" (CA-IR-470) and "unamortized issuance and redemption costs" in its calculation of composite cost of capital. Please explain why the deferred taxes related to these costs should be excluded from rate base if these costs are included in the calculation of the composite cost of capital.

Docket No. 05-0315

Hawaii Electric Light Company, Inc.
Information Requests to
Division of Consumer Advocacy ("CA")

HELCO/CA-IR-107

Ref: CA-T-1, page 61, line 20.

According to Mr. Brosch's testimony, "The Consumer Advocate does not support the initiation of new energy efficiency programs, even those targeted to affordable homes energy efficiency, in light of the future Non-utility Market Structure for demand side management activity that was recently implemented by the [sic]." Does the Consumer Advocate support the Governor's vision, as expressed in her February, 2007 Fact Sheet – Affordable Housing" that "Everyone deserves a decent, safe, and affordable place to live"? If the Consumer Advocate does support the Governor's vision, what utility energy efficiency and/or renewable energy programs would the CA be willing to support that would further the Governor's affordable housing initiatives?

HELCO/CA-IR-108

Ref: CA-T-1, page 61, line 2.

According to Mr. Brosch's testimony, "Moreover, the use of utility revenues to fund programs designed to subsidize the cost of affordable housing raises regulatory policy concerns that may be beyond the scope of a rate case." Please clarify the Consumer Advocate's position:

a. Does the Consumer Advocate oppose the use of utility revenues for energy efficiency and renewable energy subsidies (or programs) for affordable housing?

b. Does the Consumer Advocate oppose subsidies (or programs) such as REEEPAH being considered within this rate case?

HELCO/CA-IR-109 <u>Ref: CA-T-1, page 62, line 2.</u>

According to Mr. Brosch's testimony, "The REEEPAH would appear to expand upon energy efficiency programs within the existing Utility Market Structure at a time when the Commission has ordered 'all of the HECO Companies' Energy Efficiency DSM programs shall transition from the HECO Companies to the Non-Utility Market Structure by January 2009.'" Would the Consumer Advocate support REEEPAH or a similar program if it were administered within the Non-Utility Market Structure versus within the existing Utility Market Structure?

HELCO/CA-IR-110 <u>Ref: CA-T-1, page 62, line 2.</u>

According to Mr. Brosch's testimony, "The Consumer Advocate does not support initiation of new energy efficiency programs, even those targeted to affordable homes energy efficiency..." Would the Consumer Advocate support REEEPAH or a similar program if the energy efficiency aspects (i.e., [Curt specify the aspects to be removed so that reduce the likelihood that the CA's response is don't know what HELCO is proposing so we can't respond.[) of the proposed program were removed, and renewable energy subsidies are the main focus of the program? Specifically, in HELCO's Draft Program Rules for REEEPAH, submitted in HELCO's response to CA-IR-242, wherever the term "energy efficiency measure" or "energy efficiency project" occurs it would be deleted such that only "renewable energy systems" remain eligible for grants.

HELCO/CA-IR-111

Ref: Exhibit CA-101, Schedule B

a. In HELCO's response to CA-IR-448, HELCO indicated that there was an error in the material & supply inventory and provided a correction. Does the Consumer Advocate accept the correction? If not please explain.

b. In the interest of minimizing the number of issues between HELCO and the Consumer Advocate with respect to material & supply inventory, would the Consumer Advocate have any objections to HELCO's use of the corrected information provided in HELCO's response to CA-IR-448 in the preparation of HELCO's rebuttal testimony?

HELCO/CA-IR-112 Ref: Exhibit CA-101, Schedule B

a. In HELCO's response to CA-IR-447, HELCO provided a revision to the calculation of the fuel payment lag days. Does the Consumer Advocate accept the revision? If not please explain.

b. In the interest of minimizing the number of issues between HELCO and the Consumer Advocate with respect to working cash, would the Consumer Advocate have any objections to HELCO's use of the revised fuel payment lag days provided in HELCO's response to CA-IR-447 in the preparation of HELCO's rebuttal testimony?

HELCO/CA-IR-113

Ref: CA-T-1, page 41, CA-101, Schedule C-5, Miscellaneous Materials Adjustment

In Adjustment C-5, Mr. Brosch reduces Production O&M Non-Payment Material expense in the amount of $382,000. In making his adjustment to Production O&M Labor expense of $185,000, (See CA-101, Schedule C-4), Mr. Brosch subtracted the actual 2006 Production Labor expense of $8,172,000 (see CA-SIR-5) from HELCO's 2006 test year Production Labor estimate of $9,282,000 (see HELCO-531), and further subtracted certain reversals of materials cost noted by HELCO (see CA-101, Schedule C-3). Mr. Brosch then took into account an $532,800 expense for outside temporary services (EE503) that had not been budgeted (CA-SIR-14, Att. 2) when had the effect of reducing Mr. Brosch's Production O&M Labor adjustment in the amount of $532,800. (See CA-101, Schedule C-4).

a. In making Production O&M Non-Labor Materials Adjustment C-5, did Mr. Brosch review all of the actual 2006 Production O&M Non-Labor expenses and compare them to the 2006 test year Production O&M Non-Labor expenses (as modified to take into account certain reversals of materials costs noted by HELCO) and the unbudgeted temporary services expense considered in the labor expense adjustment?

b. Did Mr. Brosch consider making a production non-labor adjustment using his production labor adjustment methodology instead of adjusting non-project materials expense.

c. If he did not, please fully explain why he did not do so.

d. If he did, please provide any analysis done by Mr Brosch

HELCO/CA-IR-114

Ref: CA-T-1, page 41, CA-101, Schedule C-5, Miscellaneous Materials Adjustment

In deciding to make Adjustment C-5 to Production O&M Non-Labor Material expense, did Mr. Brosch consider that HELCO's Production Department has implemented a number of significant changes that affect both Operations and Maintenance in the following areas:

a. The Asset Optimization program;

b. Operating and maintaining Shipman 3 and 4 two shifts-a-day as intermediate units;

c. Operating and maintaining Keahole CT-4 and CT-5;

d. The Generation Asset Management program.

e. With respect to each of sub-paragraphs a. through d., above, if Mr. Brosch did not consider the change, please fully explain why he did not do so.

f. With respect to each of sub-paragraphs a. through d., above, if he did consider the change, please fully explain why Adjustment C-5 did not take into account the non-labor expenses relating to each of the changes in operation and maintenance?

HELCO/CA-IR-115

Ref: CA-T-1, page 41, CA-101, Schedule C-5, Miscellaneous Materials Adjustment

In Adjustment C-5, Mr. Brosch reduces Production O&M Non-Labor Material expense in the amount of $382,000. He accomplished the adjustment by taking a three-year average of historical actual 2004-2006 (corrected) material expense. He then subtracted HELCO's 2006 test year Production Material expense and further subtracted certain reversals of materials cost noted by HELCO (see CA-101, Schedule C-3). The net result is a reduction of $382,000. However, this computation appears to be inconsistent with the methodology used by Mr. Brosch in making his adjustment to Production O&M Labor expense, namely a reduction of $185,000 (See CA-101, Schedule C-4). Specifically, Mr. Brosch subtracted the actual 2006 Production Labor expense of $8,172,000 (see CA-SIR-5) from HELCO's 2006 test year Production Labor estimate of $9,282,000 (see HELCO-531), and further subtracted certain reversals of materials cost noted by HELCO (see CA-101, Schedule C-3). Mr. Brosch then went further. His computation took into account an $532,800 expense for outside temporary services (EE503) that had not been budgeted (CA-SIR-14, Att. 2). This had the effect of reducing Mr. Brosch's Production O&M Labor adjustment in the amount of $532,800. (See CA-101, Schedule C-4).

a. In making Production O&M Non-Labor Materials Adjustment C-5, did Mr. Brosch review all of the actual 2006 Production O&M Non-Labor expenses and compare them to the 2006 test year Production O&M Non-Labor expenses (as modified to take into account certain reversals of materials costs noted by HELCO)?

b. If he did not, please fully explain why he did not do so.

c. If he did, please fully explain why he did not give credit for those instances where actual non-labor expenses exceeded 2006 adjusted test year estimates?

HELCO/CA-IR-116

Ref: CA-T-1, page 41, CA-101, Schedule C-5, Miscellaneous Materials Adjustment

In deciding to make Adjustment C-5 to Production O&M Non-Labor Material expense, did Mr. Brosch consider that HELCO's

Production Department has implemented a number of significant changes that affect both Operations and Maintenance in the following areas:

a. The Asset Optimization program;

b. Operating and maintaining Shipman 3 and 4 two shifts-a-day as intermediate units;

c. Operating and maintaining Keahole CT-4 and CT-5;

d. The Generation Asset Management program.

e. With respect to each of sub-paragraphs a. through d., above, if Mr. Brosch did not consider the change, please fully explain why he did not do so.

f. With respect to each of sub-paragraphs a. through d., above, if he did consider the change, please fully explain why Adjustment C-5 did not take into account the non-labor expenses relating to each of the changes in operation and maintenance?

Docket No. 05-0315

Hawaii Electric Light Company, Inc.
Information Requests to
Division of Consumer Advocacy ("CA")

HELCO/CA-IR-201

Ref: CA-205, line 1.

The CA Reference on line 1 is "From Power Supply Dispatch Model". Please provide workpapers that have details of the $233,300 of Propane Expenses.

HELCO/CA-IR-202

Ref: CA-210, line 11.

The Energy Cost Adjustment (ECA) Filing at Present Rates calculations include in the generation component, dispersed fuel cost of 1,604.67 cent per mbtu recovered through the ECAC. Is this correct? If yes, please explain.

HELCO/CA-IR-203

Ref: CA-215, lines 3 and 4, CA-WP-215 page 9.

In CA T-2, page 45, lines 10 through 20, the CA agrees that it is reasonable to include propane fuel costs in the ECAC as proposed by the Company. However, in CA-215, Energy Cost Adjustment (ECA) Filing Proposed Weighted Generation Efficiency Factor & DG Component calculations, the fuel costs of the Shipman Industrial and Hill Industrial do not include the cost of propane.

Please explain why the propane fuel costs are not included as part of Shipman Industrial and Hill Industrial fuel cost.

HELCO/CA-IR-204

CA-215, lines 12 through 20, CA-WP-215 page 9.

In determining the BTU Mix % in the Energy Cost Adjustment (ECA) Filing Proposed Weighted Generation Efficiency Factor & DG Component calculations, the total percent should be 100.00%. Please explain why the total percent is 99.98% instead of 100.00%.

HELCO/CA-IR-205

CA-215.

In CA T-2, page 45, lines 10 through 20, the CA agrees that it is reasonable to include propane fuel costs and a DG component in the ECAC as proposed by the Company. However, in CA-215, Energy Cost Adjustment (ECA) Filing Proposed Weighted Generation Efficiency Factor & DG Component calculations, the CA Reference is CA-WP-215, Determination of Percent of Generation Mix, Fuel Price by Plant (in ¢/mbtu) and Composite Cost of Generation (in ¢/mbtu) at Present Rates, which does not recover the propane costs. Is this correct? If yes, please explain.

HELCO/CA-IR-206

CA-WP-215, page 3, Column C.

At present rates, fuel oil costs and fuel related additive and inspection (Petrospect) costs are recovered through the ECAC;

however, the fuel expense shown in Column C does not include the fuel additive and inspection expenses. Please explain why the fuel additive and inspection expenses are not included in addition to fuel oil expense at present rates for recovery through the ECAC.

HELCO/CA-IR-207

CA-WP-211.

In CA T-2, page 22, lines 1 through 22, the CA explains the difference between the Consumer Advocate's production simulation and the Company's. Although the production simulations have been revised, the CA continued to use the Company's proposed Avoided Cost payment rates and Schedule Q payment rate in determining the purchase power fuel expense for PGV, Wailuku, Hawi Renewable Dev, Apollo (Kamoa) other Small Hydro (>100kw) and Other (<100 kw). Does the CA agree that the proposed Avoided Cost payment rates and Schedule Q payment rate need to be recalculated due to the change in the production simulations, and purchase power fuel expenses should reflect the recalculated avoided cost payment rates and Schedule Q payment rate? If no, please explain.

Docket No. 05-0315

Hawaii Electric Light Company, Inc.
Information Requests to
Division of Consumer Advocacy ("CA")

HELCO/CA-IR-208

Ref: CA-T-2, page 5, item c., lines 3-5, page 23, lines 14-17, and CA-WP-204, page 1.

a. Please explain why Kanoelehua D11, Panaewa, Ouli, Punaluu, and Kapua were selected as the units to be allowed to run below their minimum generation levels.

b. Please explain what level these units were dispatched at.

c. Please provide all input and output data to your production simulation model for these units.

d. CA-WP-204, page 1 indicates that your production simulation resulted in 1,799 hours run and 2,120 MWH for Kanoelehua D11. Actual historical run hours and generation for Kanoelehua D11 from 2001-2005 are shown in HELCO-WP-404, pages 108-112 and are much lower than the output from your production simulation. The actual 2006 run hours for Kanoelehua D11 is 44 hours and 2006 actual generation is approximately 327 MWHs.

   i. Please explain the large disparity between the Consumer Advocate's and HELCO's modeled results for these units.

ii. Please explain why the Consumer Advocate believes its results for these units is reasonable.

c. In CA-T-2, page 23, lines 14-15, the witness states "to ensure that my model served all of the HELCO energy requirements, I allowed five small diesel generators to dispatch below their minimum output". Does this mean that if these units were not allowed to dispatch below their minimum output that the generating units in the Consumer Advocate's production simulation would have produced energy in excess of the amount needed to satisfy the demand? Was allowing these units to dispatch below their minimum output the only way to prevent the production of the excess energy?

HELCO/CA-IR-209

Ref: CA-T-2, page 5, item f., lines 15-22.

The minimum ratings shown on HELCO-WP-404, pages 24-25 match the minimum ratings shown on HELCO-WP-404, page 97.

a. Please explain how it was concluded that generation units in the Company's production simulation "were allowed to generate below their minimum generation, as stated in HELCO-WP-404, Pages 24-25."

b. An hourly report (HTY06R23.hr) from the P-MONTH production simulation model was provided in HELCO's response to CA-IR-41. Is the Consumer Advocate basing its conclusion that the Company's production simulation allowed units to generate below their minimum on the energy values shown in that file provided in the response?

i. If so, was the Consumer Advocate interpreting the data shown as being the expected MW load level of the units at a given hour?

ii. Is the Consumer Advocate aware that the hourly report that the P-MONTH production simulation model provides as an output is <u>not</u> the actual MW load level of the units.

iii. Is the Consumer Advocate aware that the hourly report shows the expected generation in <u>MWH</u> from the units after taking into account forced outages and that since the production simulation used the Monte Carlo technique, the output shown on the hourly report is the <u>average</u> of all the Monte Carlo scenarios run. The only way the hourly report will not show values below the unit minimum ratings is if there are zero forced outage rates for all the units.

HELCO/CA-IR-210 <u>Ref: CA-T-2, page 15, lines 16-22.</u>

a. In HELCO's response to CA-IR-447 and CA-IR-448, there were corrections and updates to some of the as-available generation. Please explain why these corrections and updates were not incorporated into the Consumer Advocate's production simulation.

b. HELCO now has complete data for the 2006 calendar year. Data for Lalamilo wind farm generation and for utility and non-utility hydro generation are shown below. In the interest of minimizing the number of issues between HELCO and the Consumer Advocate with respect to the production simulation, would the Consumer Advocate have any objections to HELCO's use of the updated data shown in the columns labeled "TY2006" in its updated production simulation to be performed for its rebuttal testimony in lieu of the data HELCO provided in response to CA-IR-447 and CA-IR-448.

Lalamilo Wind Farm Net Generation (MWH)

Rebuttal Testimony

Month	2001	2002	2003	2004	2005	2006	2001-2005 (5-yr Ave)	TY2006 2002-2006 (5-yr Ave)
January	108	77	42	58	20	76	61	54
February	110	184	125	75	177	59	134	124
March	159	110	71	113	116	32	114	88
April	264	46	156	135	208	166	162	142
May	141	74	130	125	138	110	122	115
June	100	197	139	201	197	111	167	169
July	184	197	173	206	205	106	193	177
August	234	173	246	165	156	94	195	167
September	229	143	102	122	161	78	151	121
October	249	159	92	105	162	8	153	105
November	146	141	152	73	87	0	120	91
December	186	104	134	108	70	0	121	83
Annual Total	2,110	1,605	1,561	1,485	1,697	840	1,691	1,437

HELCO Hydro Net Generation (MWH)

Rebuttal Testimony

Waiau Hydro

Month	2001	2002	2003	2004	2005	2006	2001-2005 (5-yr Ave)	2002-2006 (5-yr Ave)
January	235	309	77	270	591	166	296	**283**
February	356	-5	0	807	358	495	303	**331**
March	518	39	25	365	186	778	227	**279**
April	488	39	154	719	694	763	419	**474**
May	401	-6	183	634	430	701	329	**389**
June	305	-5	157	634	542	806	327	**427**
July	231	-6	225	619	243	706	262	**357**
August	763	-6	253	444	-2	761	291	**290**
September	549	-5	227	121	8	765	180	**223**
October	602	-5	160	323	399	742	296	**324**
November	504	-5	308	602	180	72	**318**	**231**
December	307	120	345	739	-4	-4	**301**	**239**
Annual Total	5,259	463	2,113	6,277	3,626	6,753	**3,548**	**3,846**

TOTAL HELCO HYDRO NET GENERATION (MWH) Month	Puueo	Waiau	TY2006 Total HELCO
January	1,422	283	**1,705**
February	1,535	331	**1,866**
March	1,577	279	**1,855**
April	2,565	474	**3,039**
May	2,502	389	**2,891**
June	1,301	427	**1,728**
July	1,424	357	**1,781**
August	2,000	290	**2,291**
September	1,840	223	**2,063**
October	1,854	324	**2,177**
November	1,665	231	**1,897**
December	1,763	239	**2,002**
Annual Total	21,449	3,846	**25,295**

Non-Firm Purchased Power Energy (MWH)

Rebuttal Testimony

Wailuku River Hydro

Month	2001	2002	2003	2004	2005	2006	2001-2005 (5-yr Ave)	TY2006 2002-2006 (5-yr Ave)
January	10	2,304	42	1,150	690	2,813	839	1,400
February	2,801	2,323	99	1,903	387	1,619	1,503	1,266
March	2,304	2,044	16	3,557	1,080	6,519	1,800	2,643
April	6,555	878	4,489	5,322	4,936	4,760	4,436	4,077
May	2,512	4,424	2,207	2,559	43	4,955	2,349	2,838
June	203	1,673	644	2,096	1,906	955	1,304	1,455
July	1,051	3,224	2,419	1,027	3,064	1,677	2,157	2,282
August	2,056	3,785	3,728	923	2,208	2,111	2,540	2,551
September	874	3,240	2,511	0	4,089	2,000	2,143	2,368
October	4,212	2,229	545	808	6,078	2,790	2,774	2,490
November	4,269	39	3,184	2,861	4,202	245	2,911	2,106
December	6,074	784	3,670	3,577	1,044	1,026	3,030	2,020
Annual Total	32,923	26,948	23,554	25,782	29,726	31,471	27,787	27,496

Other IPP Hydro

Month	2001	2002	2003	2004	2005	2006	2001-2005 (5-yr Ave)	TY2006 2002-2006 (5-yr Ave)
January	116	72	90	87	95	60	92	81
February	56	71	30	51	26	71	47	50
March	80	97	77	67	32	122	70	79
April	91	103	91	45	88	102	83	86
May	130	133	76	123	82	153	109	113
June	119	101	67	91	32	172	82	93
July	72	124	102	101	60	101	92	98
August	77	150	98	42	71	113	87	95
September	128	153	132	31	118	147	113	116
October	124	145	102	8	158	100	107	103
November	125	97	51	7	86	28	73	54
December	132	42	66	26	64	10	66	42
Annual Total	1,248	1,289	981	678	910	1,179	1,021	1,008

HELCO/CA-IR-211 Ref: CA-T-2, page 19, lines 1-6.

a. Please provide all input data files for your production simulation model in electronic spreadsheet format and hard copy format.

b. Please explain what modeling technique (probabilistic or Monte Carlo) your production simulation uses.

c. If a Monte Carlo technique was used, how many iterations were used in the run? Are the outputs of the runs reproducible with the same inputs?

d. Please explain how forced outages and maintenance outages are handled in your production simulation model.

e. Please explain how regulating reserve is handled in your production simulation model.

f. Please explain how the as-available generation from wind and hydro units are handled in your production simulation model.

g. Please explain how units are dispatched in your production simulation model.

h. Please explain how the commitment order of the generating units is determined in your model.

HELCO/CA-IR-212 Ref: CA-T-2, page 19, lines 1-6.

Please provide electronic spreadsheet format and hard copy format all output data files from your production simulation model, including, but not limited to, the following:

a. Hourly dispatch level of units;

b. Monthly generation of units;

c. Monthly fuel consumption of units;

d. Hours run for each unit by month; and

e. Commitment and dispatch order of the units.

HELCO/CA-IR-213 Ref: CA-T-2, page 20, lines 21-22 and CA-WP-204, page 1.

a. Please explain how Keahole CT-4 or CT-5 was modeled as "base loaded" in your production simulation.

b. Please provide in electronic format and hard copy format the hourly output levels for Keahole CT-4 and CT-5.

c. Please explain how the uneconomic dispatch of Keahole CT-4 or CT-5 (for the purposes of minimizing risks of line overloads during line contingencies) was modeled in your production simulation.

d. Please explain how the economic dispatch of Keahole CT-4 and CT-5 was modeled in your production simulation.

e. The run hours and generation shown in CA-WP-204, Page 1 for Keahole CT-5 appear low. Actual historical run hours and generation for Keahole CT5 from 2005 is shown in HELCO-WP-404, page 112 and are much higher than the output from your production simulation. The actual 2006 run hours for Keahole CT-5 is 4,052 hours and approximately 57,700 MWHs. Please explain why the Consumer Advocate's results are reasonable given the disparity between the Consumer Advocate's modeled results for CT5 and actual run hours and generation.

HELCO/CA-IR-214 Ref: CA-T-2, page 21, lines 7-10.

CA-T-2, page 21, lines 7-10, states "The Company's diesel generators were dispatched slightly differently than in my model, however, in the aggregate, the total generation from the diesel generators is approximately the same in both models." Please explain how the total generation from the diesel generators is approximately the same in both models and provide copies of all workpapers, analyses, and source documents that support this information.

HELCO/CA-IR-215

Ref: CA-T-2, page 21, lines 14-21

a. Please provide copies of all workpapers, analyses, and source documents that calculate your total fuel cost for HEP.

b. Please explain why you used the hourly report from HELCO's response to CA-IR-41 in lieu of results from your production simulation. As explained in HELCO/CA-IR-202 subpart b, the hourly report is not showing the expected MW level of the HEP unit. The fuel cost for HEP is internally calculated by the P-MONTH production simulation model using the dispatch equations and there is no way of obtaining the hourly MW level used in the calculation. The P-MONTH production simulation model is approximating the fuel cost payments to HEP based on estimated hourly load levels and the actual payments that are made to HEP would be adjusted through the ECAC.

c. Please explain how your production simulation model dispatched HEP. Does your production simulation model HEP in the different configuration modes (dual train combined cycle, single train combined cycle, and simple cycle combustion turbine) that the unit can actually operate in?

HELCO/CA-IR-216 Ref: CA-T-2, page 50, lines 7-11 and CA-WP-208.

a. In HELCO's response to CA-IR-448, HELCO indicated that some of the values for the usable and unusable tank capacities were corrected from the Direct Testimony. Please explain why this was not incorporated into CA-208. In the interest of minimizing the number of issues between HELCO and the Consumer Advocate with respect to fuel inventory, would the Consumer Advocate have any objections to HELCO's use of the updated information provided in HELCO's response to CA-IR-448 in the preparation of HELCO's rebuttal testimony?

b. Please provide copies of all workpapers, analyses, and source documents that calculate the monthly burn rates shown in CA-WP-208.

i. Do the burn rates (Barrels/day) include the application of the calibration factors?

ii. If not, explain why not?

c. The burn rates shown in CA-WP-208, Page 2 for diesel appear low, especially for Keahole. Actual diesel burn rates from 2005 are shown in HELCO-WP-408, page 8 and are much higher than the output from your production simulation. The actual 2006 burn rates for diesel are shown below. Please explain why the Consumer Advocate's results are reasonable given the disparity between the Consumer Advocate's modeled burn rates and actual burn rates.

ACTUAL 2006 AVERAGE BURN RATE FOR FUEL INVENTORY
DIESEL FUEL
Rebuttal Testimony

Month	Puna (Barrels/day)	Waimea (Barrels/day)	Kanoelehua (Barrels/day)	Keahole (Barrels/day)	TOTAL (Barrels/day)
January	**228**	**21**	**12**	**1,041**	**1,302**
February	90	18	7	834	949
March	31	10	3	643	686
April	26	8	2	612	647
May	103	12	3	738	855
June	79	10	2	730	820
July	219	13	2	1,003	1,238
August	**332**	**19**	**16**	**1,186**	**1,554**
September	19	8	6	777	810
October	119	24	15	848	1,006
November	**232**	**21**	**10**	**1,056**	**1,318**
December	44	18	17	865	944
Annual Average	127	15	8	861	1,011
Average of January, August, and November	**264**	**20**	**13**	**1,094**	**1,391**

HELCO/CA-IR-217 Ref: CA-WP-204.

Please provide copies of all workpapers, analyses, and source documents that show where the Hours Run, Net MWHs, and Fuel Consumption values are from.

HELCO/CA-IR-218 Ref: CA-205.

a. In HELCO's response to CA-IR-448, HELCO indicated that ocean cargo insurance was inadvertently omitted from the Fuel Related Expense in the Direct Testimony. Please explain why this was not incorporated into CA-205.

b. The ocean cargo insurance rate changed in December 2006 from 0.1175% to 0.1000%. In the interest of minimizing the number of issues between HELCO and the Consumer Advocate with respect to fuel related expense, would the Consumer Advocate have any objections to HELCO's use of the updated information in the preparation of HELCO's rebuttal testimony? HELCO would use the 0.1175% of fuel expense for January thru November and 0.1000% of fuel expense for December to calculate ocean cargo expense for the 2006 test year. The resulting ocean cargo insurance cost is approximately $90,267 for the test year.

c. After submitting its response to CA-IR-447 and -448, and after reviewing the actual fuel related expenses for 2006, an error was discovered regarding the Shipman propane expense. The production simulation model was counting all the starts for Shipman 3 and Shipman 4 as "cold" starts. In reality, only the starts after outages should be counted as cold starts and all others should be warm starts. The production simulation model has been revised to account for the starts correctly. Given this revision, the test year Shipman propane expense would be much lower than shown in HELCO's direct testimony exhibits and workpapers ($228,900 as shown on HELCO-WP-405, page 1). Based on the actual 2006 propane expense and total number of starts, the typical fuel requirement per start is approximately 17.7 MBTU. The production simulation was updated with the 17.7 MBTU fuel requirement per start (for both cold and warm starts) and the total number of starts for Shipman 3 and Shipman 4 remained at 524 starts. The resulting Shipman propane expense using the updated information is approximately $92,800. In the interest of minimizing the number of issues between HELCO and the Consumer Advocate with respect to fuel related expense, would the Consumer Advocate have any objections to HELCO's use of the lower value in the preparation of HELCO's rebuttal testimony?

d. Other fuel related expenses actually incurred in 2006 as shown below. The fuel additive cost for 2006 was substantially higher than in prior years because HELCO is purchasing two different types of fuel additives, one for the Puna steam unit (SDR) and one for the Hill units (MH1000). The SDR fuel additive for Puna was being initially tested free of charge prior to 2006 in an agreement with the supplier. Since the test was proving itself by maintaining the tubular gas out temperatures, HELCO began purchasing the fuel additive for continued use at Puna with the promise of possibly eliminating the need to blow soot. While the fuel additive cost is much higher, propane startup costs are much lower (as given in part c. above), and the total Fuel Related Expense would not be appreciably different between the direct testimony ($424,700) and the amount to be proposed for rebuttal testimony ($492,800). In the interest of minimizing the number of issues between HELCO and the Consumer Advocate with respect to fuel related expense, would the Consumer Advocate have any objections to HELCO's use of the updated information in this part d. in the preparation of HELCO's rebuttal testimony?

PROPANE START-UP COSTS
Total Dollars ($)
Rebuttal Testimony

Line	Plant	2001	2002	2003	2004	2005	2006	TY2006
1	Shipman	6,092	45,921	69,751	136,093	84,711	96,201	92,800
2	Hill	4,001	3,597	2,327	2,936	3,530	4,554	3,389
3	Total							96,189

Reference:
Line 1: Test Year estimate based on output from production simulation, HELCO-WP-404, page 8.
Line 2: Test Year estimate based on 5-yr average (2002-2006).

FUEL ADDITIVE AND PETROSPECT COSTS
Total Dollars ($)
Rebuttal Testimony

Line	Description	2001	2002	2003	2004	2005	TY2006 2006
1	Fuel Additive	265,850	287,700	170,355	122,700	118,278	230,913
2	Petrospect	49,012	58,257	50,105	57,492	69,477	75,055

Reference:
Line 1: Based on actual 2006 costs.
Fuel additives are for Hill 5, Hill 6, and Puna Steam units.
Line 2: Based on actual 2006 costs.

IGNITOR DIESEL FUEL CONSUMPTION
Rebuttal Testimony

Total Fuel Consumed (BBLs)	2001	2002	2003	2004	2005	2006	2001-2005 (5-yr Ave)	TY2006 2002-2006 (5-yr Ave)
Hill Plant	723	666	503	416	500	529	562	523
Puna Plant	223	271	200	410	265	369	274	303

HELCO/CA-IR-219 Ref: CA-T-2, page 8, line 8 and CA-202.

In HELCO's response to CA-IR-447, HELCO indicated that the fuel prices would be updated to the November 1, 2006 contract fuel prices in the Rebuttal Testimony.

a. Please explain why this was not incorporated into the Consumer Advocate's Direct Testimony.

b. In the interest of minimizing the number of issues between HELCO and the Consumer Advocate with respect to fuel expense and fuel inventory, would the Consumer Advocate have any objections to HELCO's continued use of the February 1, 2006 contract fuel prices from HELCO's direct testimony in the preparation of HELCO's rebuttal testimony?

HELCO/CA-IR-220 Ref: CA-211 and CA-WP-211 Purchased Power Energy Payments.

In document CA-211, column D references document CA-WP-211, page 1 column (F). Please explain the difference in HEP energy payments.

Docket No. 05-0315

Hawaii Electric Light Company, Inc.
Information Requests to
Division of Consumer Advocacy ("CA")

HELCO/CA-IR-301 Ref: CA-T-3, page 53, line 9, AFUDC

a. Please provide the support calculations, workpapers, and supporting documentation and assumptions for the CA's proposed amounts for "Allowed AFUDC."

b. Please provide the above items in electronic format with formulas intact.

HELCO/CA-IR-302 Ref: CA-T-3, page 69, lines 1-3, AFUDC.

a. If not provided in response to HELCO/CA-IR-301, please provide the "AFUDC simulation model" in electronic format with formulas intact.

b. The testimony states "AFUDC was suspended in the AFUDC simulation model during the period prior to receiving Commission approval in January 1994 and between October 1994 through July 1997." Were these the only suspension periods reflected in the AFUDC simulation model?

c. If no, please specify AFUDC stop and AFUDC start dates for any other suspension periods reflected in the model and explain why these dates were considered significant.

d. What is the AFUDC stop date used for the AFUDC calculation that resumed in August 1997 in the AFUDC simulation model? What is the basis for that date in determining when AFUDC should be stopped?

e. If the dates used in the AFUDC simulation model to stop the AFUDC that resumed in August 1997 were other than the actual commercial operation dates for CT-4 and CT-5 (May 25, 2004 and June 30, 2004, respectively), please explain why the actual dates were not used.

f. Under the Consumer Advocate's AFUDC simulation model, is AFUDC resumed when construction resumes after November 1998? If it does not, why not?

HELCO/CA-IR-303

Ref: Exhibit CA-101, Schedule B-7.

Test year averages were used to determine the ratios to allocate the AFUDC adjustment to the various plant accounts. However, AFUDC as closed to plant would be reflected in the 12/31/05 balances and no AFUDC was incurred in 2006. Please explain why the test year averages were considered a more appropriate base upon which the AFUDC adjustment should be allocated than the 12/31/05 balances.

HELCO/CA-IR-304

Ref: Exhibit CA-101, Schedule B-7, footnote (c).

a. Please explain what is meant by "Pre-CIP".

b. The "Allowed AFUDC" does not tie to the chart at CA-T-3, page 53, line 9. Please explain the difference.

c. The "Actual AFUDC 12/98" does not tie to the chart at CA-T-3, page 53, line 9. Please explain the difference.

d. Please provide the calculation for the "Actual AFUDC 12/98" for Pre-CIP CT-4 and CT-5 if not provided in response to part (c) of this information request.

HELCO/CA-IR-305

Ref: Exhibit CA-101, Schedule B-7 and Exhibit CA-101, Schedule C-17.

Book depreciation expense is computed by applying the depreciation rates to the plant in service balances at the beginning of the year. The Company's test year 2006 book depreciation expense is therefore based upon the 12/31/05 balances. The CA's AFUDC adjustment (column C) used to calculate the proposed test year 2006 book depreciation expense adjustment was calculated by assigning ratios based on the average test year amounts. Please explain why the adjustment to the test year 2006 book depreciation expense was calculated using test year averages instead of the 12/31/05 balances.

HELCO/CA-IR-306

Ref CA-T-3, page 66, lines 13-17, AFUDC

Does the CA agree that the process of obtaining the necessary permits and agency approvals is an essential step in the process or project of constructing a generating unit?

a. If yes, please explain why HELCO's efforts to overcome permitting obstacles would be considered period of project inactivity.

b. If no, please explain why.

HELCO/CA-IR-307

Ref CA-T-3, page 72-74, AFUDC

The CA's comments that HELCO should have known that prolonged delays in the permitting and construction schedule were eminent.

a. Please provide Mr. Carver's professional qualifications as an expert in the rules, regulations, and procedures for obtaining environmental air permits and land permits in the State of Hawaii.

HELCO/CA-IR-308

Ref CA-T-3, page 74, line 4-5, AFUDC

a. The CA recommends that HELCO should have stopped AFUDC in October 1994. In September 1994, besides the DOH determination that a second hearing was required for HELCO's air permit, are there other significant factors that HELCO should have been aware to prompt stopping AFUDC in October 1994?

b. The CA also recommends restarting AFUDC in August 1997, which coincides with HELCO restarting construction after receiving authorization to commence with pre-PDS construction. Would the CA similarly recommend accruing AFUDC during other subsequent periods of construction, such as in 2002 and 2003-2004?

HELCO/CA-IR-309 <u>Ref CA-T-3, page 77, lines 20-24, AFUDC</u>

a. Based on the CA's statements, is it the CA's position that it was reasonable for HELCO to not have known or be able to foresee the magnitude of the delays experienced? Please explain.

b. Is it the CA's position that HELCO would not have had opposition if HELCO sited the new generation at another West Hawaii site? Please explain.

c. What site or sites would the CA have chosen for new generation in West Hawaii, such that permit approvals would be easier to obtain and community opposition would be minimal?

d. For the site or sites chosen by the CA, what are the land acquisition and air permit requirements, and approximately how long would it have take to obtain the necessary approvals?

HELCO/CA-IR-310

Ref CA-T-3, page 95, lines 16-20, LEGAL, NOISE, LANDSCAPING & REZONING

The CA claims "the costs incurred would have been far less than the amounts actually incurred."

a. Please provide specific examples on how costs for legal, noise abatement, landscaping, and rezoning could have been made "far less" than the amounts incurred.

HELCO/CA-IR-311

Ref.: CA-T-3 page 95

In light of KDC's SOP, does the CA believe that KDC would have opposed or supported HELCO's efforts to reclassified and rezoned Keahole instead of amending its CDUP? Please explain.

HELCO/CA-IR-312

Ref CA-T-3, pages 96-98, LEGAL, NOISE, LANDSCAPING

The CA is recommending a 50% disallowance of legal costs, noise abatement costs, and landscaping costs.

a. Please provide a basis for the 50% factor.

b. Please explain specifically how the legal fees could have been avoided to the extent of 50%.

HELCO/CA-IR-313 Ref CA-T-3, page 97, lines 15-17, NOISE

a. Please explain how rezoning Keahole earlier would have guaranteed no opposition to a 70dBA standard.

HELCO/CA-IR-314 Ref CA-T-3, page 99-100, REZONING COSTS

The CA recommends that HELCO's rezoning costs be excluded from the installed cost of CT-4 and CT-5.

a. Is it the CA's position that, subsequent to the March 2002 BLNR Order (later overturned before being essentially reinstated) and then the 2003 Settlement Agreement, CT-4 and CT-5 could have been constructed without initiating the rezoning process at Keahole? Please explain.

HELCO/CA-IR-315 Ref: CA-T-3, page 98, Landscaping Costs

Is it the CA's position that all landscaping costs incurred as a result of the Settlement Agreement should be disallowed?

a. If yes, please explain further why the CA believes additional landscaping costs that were required by the Settlement Agreement, the LUC decision and order and the County rezoning ordinance as a condition to construct the project should be disallowed?

b. Is it the CA's position that only those costs above HELCO's estimate of $750,000 for the incremental landscaping should be disallowed? Please explain.

c. Is it the CA's position that, had HELCO rezoned the Keahole site in the early 1990s, such rezoning would have been accomplished without landscaping being required? Please explain.

HELCO/CA-IR-316

Ref: CA-T-3, pages 99-100, Rezoning Costs

Is it the CA's position that cost associated with the use of land for HELCO's facilities should not be capitalized?

a. If yes, please explain and provide any accounting standards that support your position.

HELCO/CA-IR-317

CA-T-3 at 51, 95.

At page 51, Mr. Carver states that the Consumer Advocate is not contesting HELCO's decision to add generation in West Hawaii. At page 95, Mr .Carver refers to a "different location" and to an "alternate site for CT-4 (and CT-5)".

a. Does the Consumer Advocate take the position that CT-4 and/or CT-5 should have been located at a site other than Keahole? Please fully explain the response and provide the basis for the response. Please provide documents relied upon in support of the response.

b. If the Consumer Advocate takes the position that CT-4 and/or CT-5 should have been located at a site other than Keahole, please identify the other site.

c. Is it the Consumer Advocate's position that HELCO would not have had opposition if HELCO used this other site? Please fully explain the basis for the response.

d. What permits and approvals would have been required (e.g., land use, air permit, etc.) to place CT-4 and/or CT-5 at this other site? Please fully explain the basis for the response.

e. How long would it have taken to receive the necessary permits and approvals. Please fully explain the basis for the response.

f. How much would it have cost to obtain the site? Please state the basis for the response.

g. How much would it have cost to obtain the necessary permits and approvals? Please state the basis for the response.

h. For the costs identified in subparts f and g above, is it the Consumer Advocate's position that HELCO should be able to recover the costs of obtaining the permits and approvals for the site and for the cost of the site? Please state the basis for the response.

HELCO/CA-IR-318 Ref: CA-T- 3 at 51.

Mr. Carver refers to a "different location" and to an "alternate site for CT-4 (and CT-5)".

a. Does the Consumer Advocate take the position that it was unreasonable to locate CT-4 and/or CT-5 at Keahole? If the answer is anything other than an unqualified "no", please state the basis for the response and provide copies of the documents relied on in support of the response.

b. Does the Consumer Advocate take the position that it was imprudent to locate CT-4 and/or CT-5 at Keahole? If the answer is anything other than an unqualified "no", please state the basis for the response and provide copies of the documents relied on in support of the response.

c. Does the Consumer Advocate take the position that HELCO should have discontinued its efforts to site CT-4 and/or CT-5 at Keahole at some point in time?

i. If the answer is "yes", please state at what time period HELCO should have discontinued its efforts to site CT-4 and/or CT-5 at Keahole.

ii. Please state the basis for the response to subpart c.i above and provide copies of documents relied on in support of the response.

HELCO/CA-IR-319

Ref: CA-T-3 at 95 – 97.

On pages 95 to 97 of CA-T-3, Mr. Carver discusses the noise abatement subject.

a. Does the Consumer Advocate take the position that HELCO should have purchased "land easements from adjoining property owners" to permit operation of the power plant at 70 dBA? Please state the basis for the response and provide copies of documents relied on in support of the response.

i. As part of the response to subpart a above, please state at what point in time HELCO should have purchased land easements from adjoining property owners. Please state the basis for the response and provide copies of documents relied on in support of the response.

ii. Please describe what the Consumer Advocate means by the term "land easement" as it pertains to operation of the power plant at 70 dBA.

iii. Please identify the "adjoining landowners" during the time period provided in response to subpart a.i above. Please state the basis for the response.

iv. Please identify the rights that HELCO would have obtained under the "land easement" with adjoining landowners. Please state the basis for the response.

v. Please state whether the "adjoining landowners" would have the right to refuse to sign a "land easement". Please state the basis for the response?

vi. Please describe the process used to determine the amount to be paid the "adjoining landowners" for the "land easement". Please state the basis for the response.

vii. For each of the "adjoining landowners" identified in subpart a.iii above, with respect to the time period referenced in subpart a.i above, please state whether the adjoining landowner was willing to enter into a land easement with HELCO and identify at what price the adjoining landowner would have entered into the land easement. Please provide the basis for the response.

HELCO/CA-IR-320

Ref: CA-T-3 at 95 – 97.

In CA-T-3, pages 95 to 97, Mr. Carver discusses reclassification and rezoning of the Keahole site.

a. Does the Consumer Advocate take the position that no conditions would have been imposed on HELCO had it requested reclassification, followed by rezoning, of the Keahole site. Please provide the basis for the response and copies of any materials relied on in support of the response.

b. Does the Consumer Advocate take the position that the opposition to HELCO's use of the Keahole site for CT-4, CT-5 and ST-7 would have been materially reduced had HELCO decided to request reclassification, followed by rezoning, of the Keahole site. Please provide the basis for the response and copies of any materials relied on in support of the response.

c. Does the Consumer Advocate take the position that HELCO should have discontinued efforts seeking to "amend its Conservation district use permit"? Please provide the basis for the response and copies of any materials relied on in support of the response. If the answer is "yes", please provide the time period when HELCO should have discontinued efforts seeking to "amend its Conservation district use permit".

d. Does the Consumer Advocate take the position that HELCO should have requested rezoning reclassification of the site, followed by rezoning instead of requesting an amendment to its CDUA?

HELCO/CA-IR-321

Ref: CA-T-3 at 95-97.

In CA-T-3, pages 95 to 97, Mr. Carver refers to "an alternate site for CT-4 (and CT-5)". Does the Consumer Advocate take the position that HELCO should have pursued a different generation option at an alternate site, instead of locating CT-4 and/or CT-5 at Keahole? Please fully explain the response, provide the basis for the response, and copies of any materials relied on in support of the response.

HELCO/CA-IR-322

Ref: CA-T-3 at 95 – 97.

In CA-T-3 page 95 to 97, Mr. Carver discusses reclassification and rezoning of the Keahole site. Does the Consumer Advocate take the position that HELCO should have requested reclassification, followed by rezoning, of the Keahole site rather than an amendment to its Conservation District Use Permit? Please fully explain the response, provide the basis for the response, and copies of any materials relied on in support of the response.

HELCO/CA-IR-323

Ref: CA-T-3 at 96.

In CA-T-3, page 96, Mr. Carver references "a different expansion option". Does the Consumer Advocate take the position that HELCO should have selected "a different expansion option"?

a. If the answer is yes, please identify the what is the "different expansion option".

   i. For each "different expansion option" identified above, please identify the location of the expansion option.

   ii. For each "different expansion option" identified above, please identify the cost.

   iii. For each "different expansion option" identified above, please identify the permitting and approval process required.

   iv. For each "different expansion option" identified above, please identify the potential opposition to using the location(s) identified in subpart a.i above.

v. For each "different expansion option" identified above, please identify the relative system benefits.

vi. For each "different expansion option" identified above, please identify the facilities necessary to interconnect the "expansion option" with the HELCO system.

vii. For each "different expansion option" identified above, please identify the transmission line losses associated with the option.

HELCO/CA-IR-324 Ref: CA-T-3 at 98.

In CA-T-3, page 98, Mr. Carver discusses the landscaping costs at the Keahole site. Mr .Carver states "I am recommending that 50% of the additional landscaping costs be disallowed from rate base."

a. Does the Consumer Advocate take the position that HELCO should have done 50% less landscaping at Keahole? Please fully explain the response, provide the basis for the response, and copies of any materials relied on in support of the response.

b. Please identify what portions of the landscaping at Keahole should not have been installed? Please fully explain the response, provide the basis for the response, and copies of any materials relied on in support of the response.

HELCO/CA-IR-325 Ref: CA-T-3 at 100.

In CA-T-3, page 100, Mr. Carver recommends that "100% of the land rezoning costs be excluded from the installed cost of CT-4 and CT-5." However, the rezoning costs are a separate component of rate base, and are not part of the installed cost of CT-4 and CT-5.

a. Since the rezoning process has been completed, what is the basis for the Consumer Advocate's position that the rezoning costs should be excluded from rate base? Please fully explain the response, provide the basis for the response, and copies of any materials relied on in support of the response.

b. Is it the Consumer Advocate's position that the rezoning costs are part of the ST-7 project costs, and should accrue AFUDC (to the extent ultimately allowed for the ST-7 project) as part of that project? Please fully explain the response, provide the basis for the response, and copies of any materials relied on in support of the response.

   i. If the answer to subpart b above is "no", please fully explain the response provide the basis for the response, and copies of any materials relied on in support of the response.

c. Was rezoning of the Keahole site a condition of the Settlement Agreement that was executed by HELCO, KDC, Peggy Ratliff, Mahi Cooper, the Department of Hawaiian Home Lands, the Department of Health, the Board of Land and Natural Resources, and the Department of Land and Natural Resources (the last of the parties signed the agreement on November 6, 2003)? (A copy of the Settlement Agreement was filed with the Commission in Docket No. 7623, in HELCO's January 5, 2004 Keahole CT-5/ST-7 Monthly Status Report (Attachment 2, pages 15 to 49), as Exhibit C to Appellee HELCO's Reply Memorandum to Appellee Waimana Enterprises, Inc.'s Memorandum in Opposition to Appellants Keahole Defense Coalition, Inc., Peggy J. Ratliff, Mahi Cooper and Department of Hawaiian Home Land's Motion to Vacate filed November 5, 2003 in the Third Circuit Court of Hawaii.)

Docket No. 05-0315

Hawaii Electric Light Company, Inc.
Information Requests to
Division of Consumer Advocacy ("CA")

HELCO/CA-IR-401 Reference: CA-T-4, Page 11.

Please provide all source data used to determine that the business cycles since 1975 occurred in the manner specified on lines 7-9 on page 11 of the direct testimony.

HELCO/CA-IR-402 Reference: CA-T-4, Page 34.

Please provide the financial literature that supports the statement that the DCF formula shown on line 3 of page 34 of the direct testimony is a quarterly compounding variant.

HELCO/CA-IR-403 Reference: CA-T-4.

Please provide all source information used to derive the October-December 2006 average 20-year Treasury bond yields shown on exhibit CA-409.

HELCO/CA-IR-404 Reference: CA-T-4.

Please provide your return on equity recommendation and the return on equity authorized for each electric/gas case in which you have testified in the last five years along with a copy of such testimonies. Please also provide the prevailing yield on long-term Treasury bonds at the time of preparing these testimonies.

HELCO/CA-IR-405 Reference: CA-T-4.

Please provide the currently authorized return on equity for the each of the electric utilities in your two samples of comparable companies.

HELCO/CA-IR-406 Reference: CA-T-4.

Does Mr. Parcell believe that HELCO's cost of common equity capital is dependent on HEI? If so, why? If not, why not?

HELCO/CA-IR-407 Reference: CA-T-4.

Concerning Mr. Parcell's two proxy groups of companies, indicate which companies possess a fuel adjustment clause.

HELCO/CA-IR-408 Reference: CA-T-4, Page 35

a. Regarding page 35 lines 8-18, explain the pros and cons of using each of the data series of Earnings Per Share ("EPS"), Dividends Per Share ("DPS"), and Book Value Per Share ("BVPS") individually for calculating the growth in dividend figure to be used in the Discounted Cash Flow ("DCF") model.

b. Explain how taking the collective average of the individual EPS, DPS, and BVPS series mean and median values provides a meaningful estimate of dividend growth as used in the DCF model.

HELCO/CA-IR-409 Reference: CA-T-4.

Please restate the common equity ratios cited on exhibit CA-405 excluding short-term debt.

HELCO/CA-IR-410 Reference: CA-T-4.

To Mr. Parcell's knowledge, do the capital structures for the companies in his two groups of comparables reflect "per books" capital structure or the latest capital structure approved by the state regulatory commission? Please explain your answer.

HELCO/CA-IR-411

<u>Reference: CA-T-4.</u>

Which of the companies in Mr. Parcell's sample groups have rates set using future test years and which of those companies have rates set using historical test years?

HELCO/CA-IR-412

<u>Reference: CA-T-4.</u>

a. Please provide complete copies of the information regarding the amount of purchased power utilized by the companies in Mr. Parcell's two sample groups that he used to assess the relative risk of HELCO's power supply portfolio.

b. Has Mr. Parcell made any assessment of the degree to which the Company's purchased power debt equivalents increase the Company's financial risk? If so, what are his findings? If not, why not?

HELCO/CA-IR-413

<u>Reference: CA-T-4.</u>

Does Mr. Parcell's recommended cost of common equity assume the maintenance of the Company's fuel adjustment mechanism (ECAC)? If not, please state Mr. Parcell's recommended ROE both with and without the rider ECAC.

HELCO/CA-IR-414

Reference: CA-T-4.

Please provide the relevant portions of the S&P Handbook data source document cited in Mr. Parcell's exhibits CA-408 and CA-411.

Docket No. 05-0315

Hawaii Electric Light Company, Inc.
Information Requests to
Keahole Defense Coalition ("KDC")

HELCO/KDC-IR-101 Ref: KDC SOP page 5, footnote 3. Rezoning.

Footnote 3 states: "The alternatives were to rezone the Station site to an Urban-Industrial land use district or to amend the Company's existing Conservation district use permit (CDUP). Under either alternative, the Company had to prepare an environmental impact statement and undergo a 'contested case' process." Who would have been the potential participants in a contested case proceeding?

a. Would KDC have intervened and/or opposed either the rezoning or reclassification process if HELCO had applied for those changes in the 1990's?

b. If yes, please explain and describe the possible impact of such intervention and/or opposition in the timing, outcome and/or cost of the process.

c. If no, please explain.

d. Was there a possibility that any other parties would have intervened and/or opposed either the rezoning or reclassification process?

e. If yes, please explain and describe the possible impact of such intervention and/or opposition in the timing, outcome and/or cost of the process.

f. If no, please explain.

HELCO/KDC-IR-102 Ref: KDC SOP page 7. Noise.

KDC states that HELCO rejected the advantages of rezoning to achieve the noise levels that would be appropriate to an industrial zoned area. What are the appropriate noise levels that KDC believes have applied to an industrial zoned area prior to 1996? Please explain.

HELCO/KDC-IR-103 Ref: KDC SOP, page 7. Rezoning.

With respect to the Keahole Power Plant Property, what is KDC's understanding of the noise levels referenced when it says that, after rezoning, "noise levels would be that which is appropriate to an industrial zoned area"?

HELCO/KDC-IR-104 Ref: KDC SOP, page 7. Noise.

Is it KDC's position that the agricultural properties adjacent to the Keahole Power Plant should have equivalent noise limits of 45/55 dBA instead of the current 70 dBA? Why or why not?

HELCO/KDC-IR-105

Ref: KDC SOP page 10. Air Permitting.

Does KDC have any supporting documentation that provides a comparison to other air permit applications to support its claim that HELCO "hastily assembled data" to support its air permit application? If yes, please provide documentation or data.

HELCO/KDC-IR-106

Ref: KDC SOP page 12. Groundwater.

KDC contends that the Company incurred "excessive costs" for groundwater. What excessive costs is KDC referring to? What is the comparative cost HELCO should have incurred if it had addressed groundwater in the manner KDC believes was appropriate? Please detail such appropriate process and provide amounts and applicable references.

HELCO/KDC-IR-107

Ref: KDC SOP, page 13. Noise.

a. What measurement standard (ie. emitter-based or receptor-based) did HELCO's consultant employ when evaluating sound levels for consideration in the design of the new equipment for the Keahole project in the early 1990s?

b. What is KDC's position on whether the Department of Health changed its measurement standard during the course of the project?

HELCO/KDC-IR-108

Ref: KDC SOP pages 17 and 43. CT-5.

Is it KDC's position that the Commission's D&O No 14284 in Docket No. 7623 dated September 22, 1995 did not approve the construction of CT-5 and ST-7?

a. If no, how does this change KDC's position?

b. If yes, please explain.

HELCO/KDC-IR-109

Ref: KDC SOP, page 20. Air Permit.

Please provide the specific reference in the cited November 1998 EAB document that "directed the Company to collect more representative data".

HELCO/KDC-IR-110

Ref: KDC SOP, page 20. Air Permit.

Please provide the basis for the statement that the "Company used hastily assembled data to support its application".

HELCO/KDC-IR-111

Ref: KDC SOP, page 20. Air Permit.

What is KDC's understanding of whether regulators have the authority to determine that existing meteorological and air quality data can be deemed representative and acceptable for use in an air permit application?

HELCO/KDC-IR-112 Ref: KDC Position Statement, page 20. Air Permit.

Please provide the basis for the statement "in a place already ladened with chronic volcanic emissions (vog)". What documented basis does KDC have for determining that the plant would have an adverse impact on the existing air quality conditions?

HELCO/KDC-IR-113 Ref: KDC SOP, page 12, and footnote 21 on page 20. Air Permit.

In an effort to lower the cost of the Projects, the Company repeatedly denied that Selective Catalytic Reduction (SCR) was best available control technology to control air emissions from CT-4 and CT-5, even though the United States Environmental Protection Agency (EPA) had stated that SCR is best available control technology for CT-4 and CT-5.

a. Please provide the earliest document in which the EPA stated that "SCR is best available control technology for CT-4 and CT-5"?

HELCO/KDC-IR-114 Ref: KDC SOP, page 16. Air Permit.

with full knowledge of the risks that those decisions entailed. Rather than abandon the Projects, the Company obtained a settlement with project opponents in 2003 that allowed the Company to continue construction, but on condition that the Company (1) REZONE the Station site to an Urban-Industrial land use district, (2) USE SCR as best available control technology for CT-4 and CT-5, (3) obtain a GROUNDWATER LICENSE and (4) MITIGATE NOISE. Ironically, under the settlement with project opponents, the Company agreed to do things that the Company was always required to do under applicable laws and that the community,

a. Does HELCO's final air permit for CT-4 and CT-5 require installation of SCR as best available control technology?

b. If yes, please cite to the specific provision in the air permit, including any conditional or clarifying language pertinent to SCR. To the extent of any conditional language, have such conditions been met, so that the permit itself would cause SCR to be required at Keahole?

HELCO/KDC-IR-115 Ref: KDC SOP, page 20. Air Permit.

application. In November 1998, the EPA Appeals Board directed the Company to obtain more representative data to support its air permit application, leaving the issue of SCR unresolved. The Company received

a. The EPA Environmental Appeals Board's November 25, 1998 Order Denying Review in Part and Remanding in Part explicitly denied review of appeals of the permit concerning the Department of Health's allowance of a netting analysis with respect to NOx emissions and the

Department of Health's determination of NOx best available control technology for CT-4 and CT-5. Does KDC consider this Order as "leaving the issue of SCR unresolved"? If so, please explain the basis for this, and cite to specific provisions of the Order relevant to that conclusion.

HELCO/KDC-IR-116 Ref: KDC SOP page 23 & 24. Noise.

a. Please confirm that recommended mitigation measures from HELCO's acoustic consultant included:

   i. Locating equipment and buildings on the property to act as noise barriers,

   ii. Specifying reduced noise level components and equipment, including quiet air-cooled condensers, combustion turbines, and equipment with low- and high-frequency (tonal) sources attenuated,

   iii. Incorporating special noise attenuating features into the design of the steam turbine building, and

   iv. Minimizing noise-producing activities during nighttime and early morning hours.

b. Please verify that the EIS (KDC 9, Final EIS page 3-90, and Revised Final EIS page 3-100) states that discouraging future land development for residential use adjacent to the power plant, encourging commercial, industrial, or other less-noise-sensitive uses, and disclosure of expected noise levels from the power plant in all real estate transactions and rental or lease agreements involving lands near the station are all recommendations to prevent future conflicts due to the *perception* of noise impacts.

HELCO/KDC-IR-117

Ref: KDC SOP pages 13 and 23. Noise

KDC indicates that HELCO did not follow through on committments to obtain "buffer zones" (noise easements) around the Station.

a. Relevance of the letters from HELCO to DLNR in KDC Exhibit 74 (1973 and 1987). Please verify that these letters refer to the siting of CT-4 & CT-5.

b. Please confirm that the recommendations in Exhibit 9 (Final EIS dtd June 1993, Section 3 page 3-90; and Revised Final EIS dtd December 1993, Section 3 page 3-100), Exhibit 11 (page 3), and KDC Exhibit 59 (page 2 and page 51) do not contain any obligation made by HELCO to purchase additional land around the power plant.

c. Please identify where in the exhibits cited in Footnote 14 and on the bottom of page 23 (KDC 9, KDC 74, and KDC 11) HELCO made a promise to obtain buffer zones or noise easements.

HELCO/KDC-IR-118

Ref: KDC SOP page 23. Noise.

KDC represents that HELCO's design consultant recommended that noise be limited to 45 dBA and 50 dBA (KDC 56).

a. Please confirm that Stone & Webster's Conclusion in KDC 56 indicated that Phase III operations (combined cycle with ST-7) would have to be quieted to meet a property line noise criteria meeting the Oahu noise code, and that was the basis for the consultant's recommendation for a 45 to 50 dBA property line noise criteria.

HELCO/KDC-IR-119

Ref: KDC SOP page 30 and 31. Escalation.

Referring to HELCO-1501, Exhibit IV, pages 81-82 and Exhibit III, pages 79-80.

a. Does KDC agree that the $1,047,800 amount for construction escalation, the $318,400 amount for engineering escalation, the $1,261,000 amount for materials escalation agree in footnotes in HELCO-1501, Exhibit IV, pages 81-82 agree with the escalation amounts in lines 12, 30, and 70 in HELCO-1501, Exhibit III, pages 79-80? If no, please explain.

b. Does KDC agree that the $1,300,000 for spare parts shown in the footnote in HELCO-1501, Exhibit IV, page 82 is not for escalation and is for the cost of spare parts as shown on line 68 in HELCO-1501, Exhibit III, pages 80? If no, please explain?

c. Does KDC agree that the $1,345.000 for freight allowance shown in the footnote in HELCO-1501, Exhibit IV, page 82 is not for escalation and is an allowance for freight as shown on line 69 in HELCO-1501, Exhibit III, pages 80? If no, please explain?

HELCO/KDC-IR-120 Ref: KDC SOP, page 31, item 3.b.

Does KDC agree that the amount of "$70,218" for T. Bailey should be $70,298 as shown on page 28 of HELCO-1501?

HELCO/KDC-IR-121

Ref: KDC SOP, page 36, item 13.b.

Does KDC agree that the amount "$160,000" for Stone & Webster should be $106,000 as shown on page 40 of HELCO-1501?

HELCO/KDC-IR-122

Ref: KDC SOP, page 37, item 17.b.

Does KDC agree that the amount "$290,000" for General Electric should be $190,000 as shown on page 43 of HELCO-1501?

HELCO/KDC-IR-123

Ref: KDC SOP, page 37, item 15, 16, and 17.

Is it KDC's position that the total of the amounts in items 15, 16, and 17 should be excluded from rate base even if the amounts for item 16 ($1,260,000 for equipment and materials storage), amount for item 17.a ($207,000 for TransCanada), and amount for item 17.b ($190,000 but incorrectly shown as $290,000 for General Electric) are included in the total $1,570,666 variance for materials as explained in HELCO-1501, pages 40-43?

HELCO/KDC-IR-124	Ref: KDC SOP, page 24 and 25.

Why does KDC state that for the purchase of CT-4 in November 1991 that HELCO "puts units in storage" in November 1991 even though they were delivered in 1994 as stated on page HELCO-1501?

HELCO/KDC-IR-125	Ref: KDC SOP, page 44.

KDC states that "To the extent that the Commission concludes that CT-5's capacity is not needed and that CT-5 is not used or useful for utility purposes, the Commission should exclude **all** amounts relating to CT-5 ($50,181.116) from the Company's rate base."

a. In KDC's estimation, is CT-5 "used and useful for utility purposes"?

b. If the response to a. is other than an unqualified "yes", please provide a specific explanation and documentation to support your position.

c. Is it KDC's position that CT-5 at Keahole is not currently providing benefits to the HELCO system? Please explain and provide documented support for KDC's position.

HELCO/KDC-IR-126	Ref: KDC SOP, page 2.

KDC states that HELCO "Tried to avoid paying for groundwater."

a. Is it KDC's position that it is appropriate for HELCO to pay for groundwater?

b. If yes, does KDC take issue with the amount that HELCO is paying for groundwater under its lease? Please explain and provide documentation.

HELCO/KDC-IR-127 Ref: KDC SOP, pages1-2.

KDC states that, "the Company should have negotiated with independent power producers in good faith and should have purchased capacity." It also states that, "Puna Geothermal Ventures sought to increase its capacity."

a. What is KDC's understanding of the purchase power agreements in place during this time?

b. From what producer(s) should HELCO have purchased additional capacity?

c. At what price should such purchases have been made?

d. Is KDC aware that HELCO entered into a contract amendment with Puna Geothermal Venture in 1996 to purchase an additional 5 MW of capacity? In addition to the resulting 30 MW contract, what is KDC's position as to any additional capacity that HELCO should have purchased from Puna Geothermal?

HELCO/KDC-IR-128 Ref: KDC SOP, page 2 and page 8.

KDC states that HELCO "sought a "default" conditional land use entitlement . . ." and that when filing its application in 1992 it "expected to obtain that entitlement by "default". . ."

a. Is it KDC's position that HELCO's August 1992 application for an amendment to its conservation district use permit was intended to result in a default entitlement rather than a permit amendment? Please explain, and provide specific documentation.

b. In footnote 12, KDC cites to a transcript marked as KDC No. 20, stating that, "the Company and other agreed in court that the Company would request the Board to extend the 180-day decision-making deadline by 45 days. . .the Company refused to honor its agreement."

   1. Does KDC acknowledge the following condition on that agreement, reflected on page 3, lines 20-25 and page 4, lines 1-3 of the transcript: "And also conditioned on the fact that the Department of Land and Natural Resources and the Board of Land and Natural Resources is able to secure the services of an acceptable hearings officer and to schedule a contested case hearing no later than 45 days from March 16, 1994. The parties have agreed that May

2nd, 1994 shall be the start date of that contested case hearing."?

2. Was the condition met, i.e., were DLNR and BLNR able to secure an acceptable hearings officer so that a contested case hearing could start by May 2nd, 1994?

HELCO/KDC-IR-129 Ref: KDC SOP, page 7.

Please provide a specific reference to support KDC's statement that HELCO, in deciding to apply for an amendment to its CDUP in 1992 did so "even though the Board had recommended that the Company <u>rezone</u> the Station site. . ."

a. Did "the Board" make such a recommendation prior to 1992?
b. Did any member of the Board make such a recommendation prior to 1992?
c. To the extent KDC can document such a recommendation prior to the March 2002 BLNR Order, was the recommendation a binding condition imposed on HELCO?

HELCO/KDC-IR-130 Ref: KDC SOP, page 7.

KDC cites to "the obvious <u>advantages</u> of rezoning" and "the obvious <u>disadvantages</u> of a CDUP".

a. Is KDC aware of any disadvantages or possible negative considerations of the rezoning process?

b. Is KDC aware of any advantages of obtaining an amendment to an existing CDUP?

c. Do the rezoning and CDUP processes have any shared characteristics, such as opportunity for opposition, opportunity for a contested case or other potentially prolonged hearing process? Please explain.

HELCO/KDC-IR-131 Ref: KDC SOP, page 9

KDC characterizes the January 30, 1998 letter from DLNR to HELCO, in which DLNR states that Condition 15 (the three-year deadline) does not apply to the default entitlement, as a "secret letter" without effect.

a. Does KDC acknowledge that, prior to the Board's ruling in November 1999 that all 15 conditions applied (KDC No. 26), the Third Circuit Court upheld the validity of the letter as a ministerial act of DLNR in Civ. No. 98-058K?

b. Does KDC acknowledge that the Board's ruling in November 1999 came after the April 1999 three-year deadline had passed?

c. Does KDC acknowledge that the Third Circuit Court's Order in Civ. No. 94-141K that the three-year deadline had expired in April 1999 (KDC No. 18) was issued in November 2000, after the expiration of the deadline?

HELCO/KDC-IR-132 KDC SOP pages 30 – 43.

a. What is KDC's understanding of the purpose of AFUDC?
b. What is KDC's understanding of when AFUDC should start to be accrued on a particular project?
c. What is KDC's understanding as to the periods during which AFUDC should not be accrued on a particular project?
d. For each of the responses to the subparts above, please identify the basis and source documents for KDC's understanding.

HELCO/KDC-IR-133 KDC SOP

In Order No. 22663 (page 9) filed on August 1, 2006, the Commission ordered that "KDC's participation is limited to responding to any discovery requests, filing a statement of position, and responding to questions at any evidentiary hearing".

a. If HELCO has additional questions that it wants to ask KDC at the evidentiary hearing, please identify the person(s) that KDC will make available at the evidentiary hearing to respond to questions in the following areas:
   i. Land use (e.g., rezoning, reclassification, etc.).
   ii. Air permitting.
   iii. AFUDC.

iv. Management of construction projects.

v. Utility capacity planning/generation planning.

vi. Noise mitigation.

vii. Utility rate setting.

b. For each person identified in subpart "a" above, please

i. Provide their educational background and professional experience.

ii. List any dockets or proceedings in which they have testified or otherwise participated relating to utility capacity planning or generation planning issues, and list the subject(s) upon which they testified and/or in which they otherwise participated. Please provide copies of any such testimony.

iii. List any dockets or proceedings in which they have testified or otherwise participated relating to AFUDC issues, and list the subject(s) upon which they testified and/or in which they otherwise participated. Please provide copies of any such testimony.

iv. List any dockets or proceedings in which they have testified or otherwise participated relating to air permitting issues, and list the subject(s) upon which they testified and/or in which they otherwise participated. Please provide copies of any such testimony.

v. List any dockets or proceedings in which they have testified or otherwise participated relating to land use issues, and list the subject(s) upon which they testified and/or in which they otherwise participated. Please provide copies of any such testimony.

vi. List any dockets or proceedings in which they have testified or otherwise participated relating to issues concerning the management of a construction project, and list the subject(s) upon which they testified and/or in which they otherwise participated. Please provide copies of any such testimony.

vii. List any dockets or proceedings in which they have testified or otherwise participated in a rate setting proceeding for a utility, and list the subject(s) upon which they testified and/or in which they otherwise participated. Please provide copies of any such testimony.

viii. List any dockets or proceedings in which they have testified or otherwise participated relating to noise mitigation issues, and list the subject(s) upon which they testified and/or in which they otherwise participated. Please provide copies of any such testimony.

HELCO/KDC-IR-134 KDC SOP, Exhibit Number 31 (1988 West Hawaii Site Study)

a. Please provide KDC's understanding of the scope and purpose of the 1988 West Hawaii Site Study. Please provide the basis for KDC's response.

b. Is it KDC's position that HELCO should have used a site other than the Keahole site for CT-4? If the answer is anything other than an unqualified "no", please fully explain the basis for the response.

   i. Please identify the different site that HELCO should have used.

   ii. Is it KDC's position that HELCO would not have had opposition if HELCO sited the new generation at the site identified in subpart b.i above? Please fully explain the basis for the response.

   iii. What permits and approvals would have been required (e.g., land use, air permit, etc.) to place CT-4 and the associated equipment at the site? Please state the basis for the response.

iv. How long would it have taken to receive the necessary permits and approvals? Please state the basis for the response.

v. How much would it have cost to obtain the site? Please state the basis for the response.

vi. How much would it have cost to obtain the necessary permits and approvals? Please state the basis for the response.

vi. For the costs identified in subpart v and vi above, is it KDC's position that HELCO should be able to recover the costs of obtaining the permits and approvals for the site and for the cost of the site? If the answer is anything other than an unqualified "yes", please fully explain the basis for the response.

c. Is it KDC's position that HELCO should have used a site other than the Keahole site for CT-5? If the answer is anything other than an unqualified "no", please fully explain the basis for the response.

i. Please identify the different site that HELCO should have used.

ii. Is it KDC's position that HELCO would not have had opposition if HELCO sited the new generation at the site identified in subpart c.i above? Please fully explain the basis for the response.

iii. What permits and approvals would have been required (e.g., land use, air permit, etc.) to place CT-5 and the associated equipment at the site? Please state the basis for the response.

iv. How long would it have taken to receive the necessary permits and approvals? Please state the basis for the response.

v. How much would it have cost to obtain the site? Please state the basis for the response.

vi. How much would it have cost to obtain the necessary permits and approvals? Please state the basis for the response.

vi. For the costs identified in subpart v and vi above, is it KDC's position that HELCO should be able to recover the costs of obtaining the permits and approvals for the site and for the cost of the site? If the answer is anything other than an unqualified "yes", please fully explain the basis for the response.

HELCO/KDC-IR-135 KDC SOP

a. In what year was KDC formed?

b. Please identify how KDC obtains its funding.

   i. Is funding provided by private donors?

   ii. Is funding provided by public donors?

   iii. Please identify any other sources.

c. Please identify the donors that have contributed funding (e.g., monetary, services, etc.) to KDC since the formation of KDC.

   i. Please state whether Waimana Enterprises, Inc. or any of its affiliates has contributed funding to KDC.

   ii. Please state whether Al Hee has contributed funding to KDC.

   iii. For each donor identified in response to subpart c above, for each year in which a donation was made, please provide the amount of the donation.

d. Please identify the donors that have helped KDC to pay for costs incurred in proceedings before state and/or county entities (e.g., BLNR, DLNR) and state courts (e.g., Third Circuit Court, Hawaii Supreme Court).

   i. Please state whether Waimana Enterprises, Inc. or any of its affiliates has helped to pay for costs incurred in proceedings referenced in subpart d above.

ii. Please state whether Al Hee has helped to pay for costs incurred in proceedings referenced in subpart d above.

iii. For each donor identified in response to subpart d above, for each year in which the donor helped to pay for costs incurred by KDC, please provide the amount of the donation.

HELCO/KDC-IR-136 KDC SOP at 14-15.

KDC states ""[f]urthermore, even after being advised of and after acknowledging the need to obtain 'buffer zones' to mitigate noise as early as 1993 [ ], the Company made no effort to obtain such 'buffer zones' through the purchase of noise easements from adjoining landowners or otherwise."

a. Please describe what KDC means by the term "noise easement". Please provide the basis for KDC's response.
b. Please describe the process that needs to be completed to obtain a "noise easement". Please provide the basis for KDC's response.
c. Do landowners have the right to refuse to sign "noise easements"? Please provide the basis for KDC's response.

d. Please describe the process used to determine the amount to be paid landowners for the "noise easement". Please provide the basis for KDC's response.

e. What right(s) would HELCO have obtained under the "noise easement" with adjoining landowners? Please provide the basis for KDC's response.

f. Please identify the "adjoining landowners" in the 1993 to 2004 timeframe.

g. For each of the "adjoining landowners" identified in the subpart above, please state whether the "adjoining landowner" was willing to enter into a "noise easement" with HELCO and identify at what price the landowner would have entered into the "noise easement". Please provide the basis for KDC's response.

h. Please discuss what KDC means by the phrase "or otherwise" as used in the excerpt from KDC's SOP above.

i. Did KDC mean that there were means available to HELCO other than purchasing "noise easements"? If the answer is yes, please identify these alternatives.

ii. Is it KDC's position that HELCO would have been allowed to recover the costs incurred to obtain these "noise easements or other alternatives"? If the answer is anything other than an unqualified "yes", please fully explain the basis for the response.

HELCO/KDC-IR-137 KDC SOP at 44.

KDC states "[t]o the extent that the Commission concludes that CT-5's capacity is not needed and that CT-5 is not needed and that CT-5 is not used or useful for utility purposes, the Commission should exclude all amounts relating to CT-5 . . . from the Company's rate base".

a. Is it KDC's position that "CT-5's capacity is not needed"? If the answer is anything other than an unqualified "no", please provide the basis for the response and include in the response the existing units on the HELCO system that would be run to provide power to HELCO's customers at the system peak.

b. Is it KDC's position that "CT-5 is not used or useful for utility purposes"? If the answer is anything other than an unqualified "no", please provide the basis for the response.

c. Is it KDC's position that CT-5 does not provide the HELCO system with operational benefits (e.g., providing generating capacity, helping to reduce line losses, providing voltage support, etc.)? If the answer is anything other than an unqualified "no", please fully provide the basis for KDC's position.

HELCO/KDC-IR-138 Ref: KDC SOP, page 21.

KDC states that, ". . .the Company started construction without applying for an operating groundwater license (KDC No. 34), in the absence of which it could not operate what it proposed to build. The Company gained nothing by its choice except for predictable delay and increased costs."

a. Is it KDC's position that a groundwater license is required prior to the commencement of construction? Please explain.

b. Is it KDC's position that, prior to the 2003 Settlement Agreement, groundwater was the only source for the water necessary to operate the plant?

c. What delay in constructing or operating the plant was caused by when HELCO obtained the groundwater rights? Please be specific and provide documentation.

d. What increased costs were attributable to when HELCO obtained the groundwater rights? Please be specific and provide documentation.

e. To the extent any of such "increased costs" include the legal expenses to defend the revocable permit and the groundwater lease from challenge by project opponents, is it KDC's position that there would have been no such challenges had HELCO obtained the groundwater rights at an earlier time?